

CONCLUSION OF MORNING
BUSINESS

The PRESIDING OFFICER. Morning business is closed.

NATIONAL HIGHWAY SYSTEM DESIGNATION ACT—MOTION TO PROCEED

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of the motion to proceed to S. 440.

The Senate resumed consideration of the motion to proceed.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. I thank the Chair. Mr. President, I might say to my colleague from Rhode Island, I had some remarks prepared, and intend to speak for awhile, but I wondered, if he wanted to start off, he can.

Mr. CHAFEE. No. Mr. President, I thank the distinguished Senator from Minnesota. I am here to listen to the persuasiveness of his argument. I will say that this bill is important. As we all know, unless we pass this legislation by the end of September of this year, our States will be deprived of some \$6.5 billion of highway funds, which we need. So I think it is unfortunate we are involved in this filibuster, but that is obviously the choice of those on the other side. I am perfectly prepared to hear the remarks of the Senator from Minnesota.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER (Mr. ABRAHAM). The Senator from Minnesota is recognized.

Mr. WELLSTONE. Given the few remarks of my colleague from Rhode Island, it probably would be important for me to clarify the situation.

Mr. President, I agree that the underlying bill, this highway bill, is extremely important to the country. The debate is really not about the underlying bill. The debate is about Federal prevailing wage standards under the Davis-Bacon law, and an effort to repeal Davis-Bacon, at least in relation to the highway construction work that is done.

What is attached to this bill is an amendment to repeal the Davis-Bacon law in relation to highway construction work. That is what is unfortunate. So those of us who are taking on this issue in this debate are not doing it, if you will, Mr. President, of our own choosing. That is to say, we are more than willing to have a full-scale debate about the importance of the Davis-Bacon legislation first passed in 1931. We do not believe that this debate should be taking place right now. We do not think this amendment to repeal Davis-Bacon should be a part of this piece of legislation. That is really the debate. The debate is not about the underlying bill at all. My colleague from Rhode Island will certainly find me to be very supportive of much of his work

on the underlying bill. But in a letter of May 2, I and other colleagues indicated that we intended to engage in extended debate on this bill if this Davis-Bacon repeal amendment was adopted, so no one should be surprised by our presence here today.

I would like to talk first about the Davis-Bacon piece of legislation, just to summarize it for those who are watching this debate, and then talk about what I consider to be the larger question, the larger issue that is before the Senate, and therefore before the country.

First, on Davis-Bacon, Mr. President, back in the early thirties, this piece of legislation was passed and the basic idea was as follows: Where the Federal Government is involved in construction contracts, we want to make sure that wages that are paid to those workers are consistent with the prevailing wage of the community. In other words, the Federal Government is the big player here, and it is kind of right out of Florence Reese's song "Which Side Are You On?" Either the Federal Government is involved on the side of the contractor in paying wages below the prevailing level of the community or the Federal Government—being a Government that cares not just about the largest multinational corporations in the world, not just about the people who have the financial wherewithal, but a Government that cares about wage earners, cares about working families, and says we will make sure that our involvement is to assure that the wages paid to working people—in this particular case we are talking about highway construction workers—is consistent with the prevailing wage.

Mr. President, I would just simply tell you that proposition is based upon a standard of fairness in which I think the vast majority of the people of the United States of America believe.

Second, Mr. President, the importance of Davis-Bacon, which is why this piece of legislation has been with us for well over a half a century, is that by making sure you have some kind of prevailing wage standard you also have higher quality labor and higher quality work that is done. And when it comes to the highways and to the bridges and to our physical infrastructure, it is pretty darned important to the people of Minnesota and Michigan and Rhode Island and Virginia and elsewhere that the highest quality work is done. That is part of how we measure benefit and how we measure cost.

So, Mr. President, what is at issue is not the underlying bill. What is at issue is that within this piece of legislation is this one provision which would repeal Davis-Bacon as it relates to highway construction work, which I understand is about 40 percent of the work covered by Davis-Bacon. This is no small issue. This is no small issue to working people; this is no small issue when it comes to wages; this is no small issue when it comes to fair work-

ing conditions; this is no small issue for the Senate; and it is no small issue for people in this country. I have to tell you, Mr. President, that the larger issue, what is really at stake I think can be shown rather graphically by this chart.

If you look at historical trends in real family income—and the source of this is the Bureau of Census, Department of Commerce—if you look at real family income, what you get between 1950 and 1978 is something like this. For the bottom 20 percent of people in our country, real family income in 1993 dollars went up 138 percent.

Now, in our country I think people say that is the way it should be. The bottom 20 percent, their family income goes up 138 percent. The second 20 percent goes up 98 percent. The middle 20 percent, family income goes up 106 percent. The fourth 20 percent—now we are getting toward the top—111 percent, and then the top 20 percent, real family income goes up 90 percent, between the years 1950 to 1978.

That is sort of the American dream, Mr. President. That is what people care about, that is real growth in family income. And during this period, we see a trend that is very consistent, with the kind of standard of fairness that people in the country believe in.

Now, Mr. President, we look at 1979 to 1993, and what we see is a country growing apart.

As a matter of fact, more recent reports that have come out have shown that we have the greatest gap in income in wealth than we have ever had since we started measuring these things.

So, Mr. President, we see that between 1979 and 1993, for the bottom 20 percent, real family income goes down by 17 percent; the second 20 percent real family income goes down by 8 percent; the middle 20 percent real family income goes down by 3 percent; the fourth 20 percent real family income rises by 5 percent; and for the top 20 percent, real family income goes up by 18 percent.

So, Mr. President, what is really going on here is a debate about where the Federal Government fits in and what kind of public policy throughout the country is responsive to working families. This is the squeeze that people feel within the country, and I say to my colleague, and I say to people who are watching this debate, at the very time that real family income is going down, at the very time that the bottom 80 percent of the population feels this squeeze, what are we doing? Some are trying to overturn a piece of legislation that has served this country well and served working families well. We are now trying to bring down wages in our communities, and we have a Congress which, up to date, has been unwilling to even raise the minimum wage. So this debate is all about fairness. This debate is all about what matters to people in the country more

than any other issue: a good job at a good wage.

Mr. SIMON. If my colleague will yield for just a series of questions. If we repeal Davis-Bacon, does that, in any way, depress the wages of that top 20 percent that has already gone up 18 percent?

Mr. WELLSTONE. Certainly not. If you look at average wages in the construction field, it is about \$25,000-\$30,000, or thereabouts.

Mr. SIMON. Then where, if we pass the repeal of Davis-Bacon, does it have its impact?

Mr. WELLSTONE. I say to my colleague from Illinois that if we repeal Davis-Bacon as it applies to highway construction, or even beyond that—which has everything in the world to do with making sure that we do not depress prevailing wages in our communities—what you are really going to see is a drop in incomes for the middle 20 percent, the second 20 percent, and the bottom 20 percent.

Mr. SIMON. So what we will be doing if we pass Davis-Bacon is depressing the wages of those who already are losing in our society.

Mr. WELLSTONE. That is precisely the point, I say to my colleague.

Mr. President, the most fundamental flaw of all with this provision in the bill is that it depresses the wages of the very families that are the most hard pressed in this country. I say to my colleague, we are not talking just about the poor, we are talking about middle-income working families, around \$25,000, \$30,000, a year.

Mr. SIMON. I thank my colleague.

Mr. WARNER. Mr. President, will my colleague yield for the purpose of a question?

Mr. WELLSTONE. I will be pleased to yield.

Mr. WARNER. The amendment of the Senator from Virginia, which is the current subject of discussion, relates only to the highway program. And in the Senator's presentation, he is sort of talking about all Davis-Bacon when, in fact, it is only roughly 38 percent of the program.

So I think it is important to be accurate here. We are talking about just that part of Davis-Bacon relating to the Federal Highway Program, are we not, I ask my colleague?

Mr. WELLSTONE. Mr. President, I say to my colleague from Virginia, I used the figure 40 percent earlier, 38 percent or 40 percent; that is correct. About 40 percent of Davis-Bacon contracts are highway related. When you consider all of the billions of dollars that we spend on highway construction, I think that's a lot. I mean, 40 percent of Davis-Bacon, 40 percent of prevailing wages in communities across our country, 40 percent that affects these families that are most hard pressed is not an insignificant percentage.

Mr. WARNER. Mr. President, I do not contest that point, but let us be accurate that we are talking about only the Federal Highway Program.

Mr. WELLSTONE. I say to my colleague, I have been accurate.

Mr. WARNER. Mr. President, I am not sure the Senator pointed out that this chart—it seems to me the Senator was talking to the entirety of Davis-Bacon.

Mr. WELLSTONE. I say to my colleague from Virginia, Mr. President, that before he came in, I first defined Davis-Bacon, I talked about the purpose of Davis-Bacon, the public interest accomplishments of Davis-Bacon, and I then went on and said this amendment dealt with highway construction as it applies to Davis-Bacon and gave the figure 40 percent.

What I will now say to my colleague is that we are talking about something larger than just the highway construction workers and we are talking about a larger question than just Davis-Bacon. What we are talking about is, if you look at the most recent years, an enormous squeeze on really the bottom 80 percent of the population. So that is really the issue here, and that is what I am now trying to pinpoint.

Mr. President, I thank my colleague from Virginia for his questions.

So, the reason I am on the floor with Senator KENNEDY from Massachusetts and Senator SIMON from Illinois is, A, Davis-Bacon passed in 1931. Why? To make sure that when the Federal Government is involved in these contracts, we are on the side of making sure that the wages that are paid to those workers are at least consistent with the prevailing wages of the community and we do not get involved or we are not on the side of employers who depress wages for people in the community.

B, we support the underlying bill, but this provision should not be a part of this bill. We ought to have a separate debate on Davis-Bacon because of the significance of this. When you are trying to overturn a piece of legislation that has been a part of the political and social landscape of this Nation for over 60 years and has been a part of fundamental economic justice and has been consistent with the idea that people ought to make decent wages on which they can support their families, you do not put it in as part of a highway bill. You deal with the whole legislation separately, and then you have that debate.

And then C, what I am now trying to do in this presentation is point out again, if I can ask for the first chart, what is really the larger context. This is what I think American politics is all about in many ways.

From the years 1950 to 1978, the vast majority of people in this country—and this is the American dream—saw a real increase in real family income, and from 1979 to 1993, we have seen a growing apart in this Nation. That is a fact. And for the life of me I do not know why in the world colleagues would be so anxious to repeal a law that is so consistent with economic justice, economic opportunity, fair wages and opportunities for working middle-income families in America.

Mr. President, people in the country feel an economic squeeze. People are worried about whether or not there are going to be good jobs. Let me just present some alternatives to what I think this effort is all about, and I certainly hope my colleagues will support us in blocking this effort, because this effort to repeal this provision of Davis-Bacon that applies to highway construction workers does not take us into the 21st century. In fact, this takes us back to the 19th century.

Let me present an alternative formulation. You say you want to have welfare reform, and we need to reform that system. We are going to have a debate on welfare reform, and hopefully not on something that is called welfare reform, but is really an effort to punish women and children.

Here is real welfare reform: A good education, good health care, and a good job. If we want to reduce poverty in America—say, for example, the poverty that exists 10 blocks from where we are right now in Washington, DC, or the poverty in Minnesota, Illinois, Massachusetts, Rhode Island, or Virginia, the answer is a good education, good health care, and a good job.

Mr. President, if you want to reduce violence in this Nation—and we all do—you hold people accountable that commit these crimes, no question about it. But, Mr. President, talk to any judge, police chief, or sheriff, and they will all tell you the same thing: We also have to reduce violence by focusing on a good education, good health care, and a good job.

Mr. President, if you want to have a stable middle class, people need a good education, good health care and a good job. If you want to have a democracy—we have a democracy—that is why we love this country and why I love being in the U.S. Senate, you have to have men and women who can think on their own two feet and understand the world and the country and the community they live in. The only way that can happen is a good education and a good job.

Mr. President, this effort to repeal the part of Davis-Bacon that affects the highway program is mistaken. This takes us back to the 19th century, not forward into the 21st century. I simply contend that the future for our country is twofold. First, we need to understand that our real national security is to invest in the skills, intellect, and character of young people. The real national security is to make sure we focus on a good education for our citizens. The real national security is to make sure we focus on good jobs at decent wages.

This effort is mistaken. This effort turns the clock back, and that is why, in every way possible, those of us on the floor today intend to defeat this effort to repeal the provisions of Davis-Bacon.

I will yield for a question.

Mr. ABRAHAM. I would like to ask my colleague this on the chart indicating from 1979 to 1993. Can he say whether or not during that period of time the aggregate numbers he has there were reflective of a straight-line decrease in the share for the people in the lowest 20 percent and an increase for the people in the top 20 percent, or if there were fluctuations during that period, and if he is familiar with the year-by-year data during that timeframe?

Mr. WELLSTONE. I say to my colleague that I am not familiar with the year-to-year variation thereof. But I think, as a matter of fact, what happened in the United States, in the last decade and a half, is what's been called the deindustrialization of America. We have seen, in the United States of America, what Robert Kuttner and others have called a "disappearing middle class." We have seen in the United States an economy that is producing some jobs, but not the kind of jobs that families can count on, because they do not pay a decent wage or, I say to my colleague from Michigan, do not provide a decent fringe benefit.

So the point is that as you look at this period of time from 1979 to 1993, we are now in a period where the vast majority of families—really if you get right down to it, the bottom 80 percent—have been under an enormous squeeze.

Mr. ABRAHAM. I have seen this chart, of course, in our Budget Committee meetings and our Labor Committee meetings, and on the floor several times. I think it may have originated with Secretary Reich from the Department of Labor, who used this chart to argue that the economic policies over that last period, the period in question, 1979 to 1993, have been consistent policies. This chart is usually employed to argue that it has been the Republican policies that were harmful to certain segments of the economy, particularly certain income groups. But I have tried to look at this chart in terms of the policies that were in place during that timeframe. What I discovered was that there were some very significant changes during that timeframe. It begins in 1979. That is during a timeframe in which we had President Carter in office, and we had policies of higher taxes and more regulation. We had very high interest rates in this country and quite high inflation during that timeframe. Those policies were pretty much in effect, Mr. President, until about 1982, when after 1 year of the Reagan administration, the change in policies took place.

Now, between 1979 and 1982, you have a significant decline, a very significant decline in family income during those years. Then from 1982, I discover that you have a reversal of course, and I think we all recall that there was a substantial increase for the next 8 years or so in family income. It starts back down again around 1989, 1990. And, as the Senator noted, it has gone espe-

cially down in the last year or so. But I think that to use this chart to reflect or create the illusion that there has been a sort of straight-line decrease really does not capture the essence of what happened during this timeframe when, in fact, there was a sharp decline during the first 3 years of this and a significant incline for all groups, all quintiles on the chart, for about 8 years, and a decline over the last 3 years. So I am not sure that the 14-year chart really reflects what happened in terms of policy or in terms of family income.

Mr. WELLSTONE. Mr. President, I will be pleased to yield the floor in a while, but let me just say to my colleague, in the spirit of collegiality, because I like debating my colleague from Michigan because he is so thoughtful, and the country would be a lot better off with more thoughtful debate.

First, I did not actually talk about political parties. I did not talk about President Reagan or President Bush. I did not talk about political parties. And for the families—

Mr. ABRAHAM. I did not mean to suggest that. The chart has been presented under a number of circumstances.

Mr. WELLSTONE. I am trying to say it is kind of an academic point for the bottom 80 percent of the population, who really feel an economic squeeze as to whether or not, for a while, it was a little better and then much worse. The fact is that this is what has happened in the United States in the last few decades. And that's why the vast majority of people are under tremendous economic pressure.

The second point. There is an interesting correlation between what my colleague from Michigan talked about and the debate we are now having on the deficit, which is to say that my colleague is quite correct that we actually had a very deep recession in 1982. Those were not good years. And then we had a recovery, although it was a recovery supported by a politics and economics of illusion, because it was based on debt. That, of course, was the proposition that we could slash the revenue base, which we did with what was euphemistically called the Economic Recovery Act of 1981, and dramatically increase the Pentagon budget and other expenditures. And all of that would lead to high levels of productivity, high levels of great jobs, middle-class jobs. And in addition, if we wanted to go back to the speeches given then, it would lead to reducing the deficit and eliminating the debt.

That was a politics of illusion. A politics that prompted an explosion of the debt during that period from under a trillion, as I remember, when President Reagan took office, to where we are right now, well over \$4 trillion.

Mr. President, what we have seen happen is the worst of both worlds. On the one hand, we have piled up record debt, and the interest on that debt robs

us of our capacity to invest in ourselves. And, on the other hand, we have not been able to invest in the economy and in education in such a way that we have an economy that produces the kinds of jobs that people can count on, thus leading to a disappearing middle.

In that context, I say to my colleague—and I will yield for a question from the Senator from Illinois—it simply baffles me why Senators would want to eliminate a law that now provides wage earners in the construction industry—who are paid right around \$25,000 or \$30,000 a year, with assurance that they will get a decent wage.

Why are we now trying to depress people's wages? Why are we now trying to repeal a piece of legislation that has been so important to workplace fairness and fair wages? Why in the world are we trying to pass a piece of legislation that will depress wages? We can have this academic debate over and over again as to when it went up, down, or who is to blame. But that is the central question.

Mr. ABRAHAM. Mr. President, I will say that I think it is an academic debate, because the question about wage earners that we are talking about—and we are going to encounter this question in the budget debate—is which policies cause wages and family income to go up, and which policies cause them to go down.

I submit policies of high tax and high regulation tend to cause these wage earner family incomes to go down. The concern I have using charts like these is that they do not necessarily reflect a consistent set of policies.

During the period that is involved there, we had two very traumatic shifts. It began in an era with a policy of higher taxes and low regulation, and wages went down. It shifted to a policy of lower taxes and less regulation, and family incomes went up dramatically, then shifted one last time to policies of higher taxes and higher regulation again, and they have begun to decline.

I think we need to examine this. My point today is to reflect the fact that there are changes within that timeframe that are reflected in changed policies that I think do affect workers and make these inquiries more than academic.

Mr. WELLSTONE. Mr. President, actually I think we interpret our history a little differently.

As a matter of fact, if we were to just take the period of the 1980's, and we were to take the Reagan and Bush administrations, what we saw—talking about real income going up—what we saw in this period, which the Senator views as such a heyday for wage earners, was a massive redistribution of income up the wage scale, leaving low- and moderate-income people behind.

This is what was called trickle down economics. It is simply not the case, that middle-income and working families found themselves benefiting from the decades of the 1980's. This was a decade of sharp income inequality, a

decade with a rise in poverty, a decade of fewer jobs people can count on. We still feel the squeeze.

I cannot understand why in the world some of my colleagues now want to repeal a piece of legislation that at least makes sure that those people who work get decent wages, and the wages are not depressed for people in the communities.

Mr. SIMON. If I could just respond very briefly to my friend from Michigan.

First of all, I think we have to be very careful. We go through this litany that higher taxes have caused depressed wages. Very interesting. As late as 1986, the average American industrial wage per hour was the highest in the world.

Today, 13 nations have higher average wages per manufacturing hour than we do, and every one of them has higher taxes than we do. We have to be careful about these kinds of economic myths that are going on out there.

Now, there are some reasons. Frankly, both political parties share some guilt. One is the deficit. We just had the Concord Coalition economic study that said if it were not for the deficit in the last two decades, the average family income today would be \$15,000 a year higher.

The University of Michigan economics professor made a study and said the average family income, if it were not for the deficit, would be 25 percent higher. I do not know whose figure is right, but they are huge figures.

Both parties share the blame on this. The Reagan tax cut, as Howard Baker said, was a riverboat gamble. And it was a gamble that did not pay off. It was tragic. Democrats voted for it. I was not one of them. But Democrats voted for it, as well as Republicans.

The 1986 tax bill, I think, has turned out to be a disaster. I am pleased to say I voted against that.

Both parties share guilt on this. Part of this has nothing to do with either political party. That is just the economic trend. We demand more and more skills. Part of the reason for those changes are the unskilled, their wages are going down; the skilled, their wages are going up.

That is the reason for Bob Reich's statement, "If you are well prepared, technology is your friend; if you are not well prepared, technology is your enemy."

There was, during the Reagan years, a Democratic Party, so both parties share blame. There was kind of euphoria because we were living on a credit card. It is fun living on a credit card. We spent more money than we took in. It went very, very well.

Now, we have to face up to these things. That is why education, as part of that three-part program that Senator WELLSTONE is talking about, is so important.

It all fits into this, because one of the trends in our country today is there is a shrinking middle class; not

dramatic, but it is shrinking. There are few people moving up, and more people moving down.

If we repeal Davis-Bacon, that trend will accelerate. That is not good for this country. What we need is to build the middle class. I intend to speak on that a little more later on.

I think again we have to examine these economic statistics. Both parties have plenty of blame to share. We ought to be working together to try to rectify this.

Mr. ABRAHAM addressed the Chair.

Mr. WELLSTONE. Mr. President, I believe I have the floor. I want to respond to the Senator briefly, and will be pleased to yield to the Senator from Michigan for a question in a moment.

I wanted to say to my colleague from Illinois, what is puzzling about this effort to repeal Davis-Bacon, is that we now have reached a point where our official measurement of unemployment is becoming almost meaningless because it is so incomplete.

You go State after State, and you have a figure of, say, 3 or 4 percent unemployed. That does not say anything about what kinds of jobs and what kinds of wages. It does not measure those people who are discouraged workers. It does not measure those people who are underemployed.

The key point, I think, is that what we find in many of our States with an officially defined "low level" of unemployment is a shockingly high level of families, as much as 50 percent, have incomes of under \$25,000 a year.

That is the squeeze people feel. Why in the world we would be trying to repeal a provision that tries to keep the prevailing wages in communities at a higher level as opposed to depressing wages is what confuses me, and that is what I am so opposed to.

I am ready to yield the floor, but I will be pleased to yield for one more question from the Senator from Michigan.

Mr. ABRAHAM. Mr. President, I will be brief. I agree with the comments of the Senator from Illinois with respect to the comments we all have made with respect to some of the budget problems that have happened. I would assign them a little differently maybe. There was a tendency to see, as was implied earlier, that somehow by reducing taxes we generated less revenue for Washington. I always like to remind the Senate, what we are talking about when we reduce taxes is letting people keep a little more of what they earn. But I also point out that during the 1980's, the percentage of gross domestic product that ended up being paid in taxes did not change. In fact, it remained as it has for literally decades, right around the 19-percent level. What did change, and where I think both parties have the responsibility in particular, is in terms of our spending practices. Obviously, what we did during that decade was spend more. We spent on everybody's priorities. We refused to say we have to set some priorities. So

it did create the kind of increased deficits that were referred to.

I agree with the assessments that those deficits did hurt. I do not know whether it is 19 or 25 percent. One of those figures was from the University of Michigan, so I will tend to be more likely to agree with the ones from my home State, but that clearly was a burden both parties, I think, were responsible for.

Mr. SIMON. Will my colleague yield for just 30 seconds?

Mr. WELLSTONE. I will be pleased to yield for more than 30 seconds.

Mr. SIMON. Mr. President, I think one of the reasons people resent taxes so much is they do not see the results. Two nations spend a disproportionately high percentage of their taxation on two things. There is only one nation that spends more among the modern nations, and that nation is Israel, on interest and on defense. No other nation come close to us in this. These are things that do not directly benefit the average person in Michigan, or the average person in Minnesota, or the average person in Illinois or Rhode Island.

I think one of the reasons people are so disheartened about government is they say: Next year we are going to spend \$370 billion on interest, 12 times as much on interest as on education, 22 times as much on interest as on foreign aid, twice as much on interest as on our poverty programs.

On defense we are going to spend \$270 billion, more than the next eight countries together.

We have to get ahold of our fiscal problems. We have to get ahold of our defense spending. Then I think people, if they see they are going to get out of their tax money education and health care and jobs and things like that, I think they are going to be more willing to spend it.

I thank my colleague for yielding.

Mr. WELLSTONE. Mr. President, I will finish up, too. I just would like to make two final points. I would like to say to the Senator from Illinois that I would add another reason as to why people have a fair amount of healthy indignation about taxes. Part of it is they want to make sure what they pay for works. But, if I could say this to my colleague from Illinois, there is another reason why people have a tremendous amount of skepticism about taxes. That is, ordinary citizens have a sneaking suspicion that they end up paying, but that there are a whole lot of other people who do not pay their fair share. That is called tax fairness. I make it clear, as I look at these proposals to reduce the deficit, including the President's proposal, the President's proposal is less harsh but we can do much better when the reconciliation bill comes out. Corporate welfare, deductions and loopholes and tax giveaways for energy companies and pharmaceutical companies—these are folks who have enormous clout here. They ought to be asked to tighten their belts too. I can tell you right now that has

not so far been on the table in any real way in any of the proposals. I intend to make sure it is.

Second, I say to my colleague, he is absolutely right about some of the large military contractors. It is one thing to have a strong defense. It is another thing to be spending money on weaponry that is obsolete, wasteful, has nothing to do with a strong defense at all. Why in the world is that so sacred? It has a lot to do with who has power. Why are the people we are asking to tighten their belts also the people who have little economic or political clout? Why are we making the cuts in some of these areas but then leaving other areas untouched?

Finally, I say to my colleague, when it comes to Medicare and Medicaid, you cannot do it without health care reform. But I have not heard that yet. I would like to see the administration push harder on it. I will. You have to have universal coverage and system-wide cost containment. If that means you have to put a limit on insurance company premiums to cost of living times percentage of increase in population, you would save huge amounts of money. It is much fairer. But when it comes to those people and those interests we seem to not be willing to ask them to be a part of this national sacrifice.

So, I do not disagree with my colleague about the importance of deficit reduction and getting to the point where we balance the budget. But I would like for it to be done on the basis of some standard of fairness, not based upon the path of least political resistance.

Which takes me back full circle to my remarks about Davis-Bacon. This effort to repeal Davis-Bacon, which is what this is all about, in a bill we all think is important, is an effort to do nothing less than to depress the wages of middle-income and working families in America. It should be defeated. It should be identified for what it is and it should be defeated.

I yield the floor.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. SIMON. Mr. President, I would point out to my colleagues, because I know Senator WARNER is a chief architect of this, I have great respect for Senator WARNER. If I were to give an award of courage for the last 2 years in the U.S. Senate to any single Senator, it would be an award of courage to Senator WARNER for how he has conducted himself in a very difficult situation in the State of Virginia. I greatly respect what he has done. He has handled himself with class.

But even the best of Senators can be wrong once in awhile. I believe Senator WARNER has erred in moving to repeal Davis-Bacon, in terms of highway construction. It is interesting that the National Alliance for Fair Contracting has come up with highway construction costs in low-wage States versus high-wage States. Listen to this. Total

costs per mile on highway construction—and I assume this is State and interstate highways rather than local roads—total cost per mile in the low-wage States, \$1,141,000. Total costs of highway construction per mile in high-wage States, \$1,017,000 per mile.

The reason, in part anyway—and I have not looked at these statistics in detail. I do not know how they were arrived at. But one of the things that every study shows is that if you pay people well they are more productive workers. Davis-Bacon does not only apply to union workers, but the Harvard studies and others also show that union workers are more likely to be satisfied and more likely to be highly productive.

My hope is that we would not repeal Davis-Bacon. I think the reality is that if you repeal Davis-Bacon you do depress the wages of people who are struggling, people who are in the middle class or people who are trying to move up to the middle class.

When you see somebody out holding a flag because there is highway construction, that man or woman is not paid an awful lot of money; paid really probably above the minimum wage but not a great deal above the minimum wage. To depress that person's wage, which is what we would do if we pass this bill, I do not think is a direction the American people want us to go. We ought to be talking about lifting the wages of people. We ought to be talking about raising the minimum wage, not depressing wages. Yet, that is what we are really asked to do in the legislation that is before us.

Does Davis-Bacon need to be modified? There is no question that it should be modified. I had an amendment that Senator KENNEDY was a cosponsor of in the Labor and Human Resources Committee which applied to Davis-Bacon across the board, not simply to highway construction, which Senator WARNER says is about 38 percent of the application of Davis-Bacon. It would raise the threshold for coverage from \$2,000 to \$100,000. It would raise the threshold for repair work or alteration compared to new construction to \$50,000. The current act, which is sometimes called the Copeland Act, is an—incidentally, Congressman Bacon, who was a cosponsor of Davis-Bacon, was a Republican Member of the House—but the Copeland Act currently requires weekly submission of payroll by contractors. We change that. So we reduce paperwork. And on contracts between \$50,000 and \$100,000 they would not be required to submit payrolls at all, simply a statement that they are complying with the law. And for the contracts over \$100,000, instead of submitting a weekly payroll, they could submit a monthly payroll.

I think those kinds of changes are the changes that we need. I think they make sense. I hear reports that Senator HATFIELD may be coming up with a modification, something like the one that I offered in committee, and I hope

that he does. I hope that somehow we move to a more sensible answer than simply repealing the Davis-Bacon legislation. Again, I see nothing to be gained for the country in highway construction costs, and in terms of what we are doing for our country to lift our people by repealing Davis-Bacon.

When people say, "Well, if you pay less, should not we have to pay less for highways?" The answer comes in productivity or it comes in profits. It is interesting to me. I was contacted as I walked into this body today by someone speaking in behalf of highway contractors who did not want to have Davis-Bacon repealed. I am not saying that he speaks in behalf of all highway contractors. But I was surprised to have someone contact me in behalf of highway contractors.

Labor costs per mile, according to the study in low-wage States, \$216,000; labor costs per mile in high-wage States—my colleagues from Michigan and Rhode Island will be interested in this—in high-wage States costs per mile of labor costs are \$241,000. Let me just repeat that because I know my colleagues from Michigan and Rhode Island would be persuaded by what I have to say on this now. The study shows in low-wage States the labor costs per mile are \$216,000, in high-wage States the labor costs per mile are \$241,000, and yet the total cost per mile, wages, everything—\$1.141 million in a low-wage State, \$1.17 million in a high-wage State.

(Mr. KYL assumed the chair)

Mr. SIMON. Mr. President, let me also digress for just a moment to say to the Presiding Officer, and to the Senator from Michigan, the only good thing about the Republicans taking over the Senate is Republicans have to preside and Democrats do not have to preside anymore. So I welcome the Republicans presiding up there.

But again, I say to my friends from Rhode Island, Arizona, and Michigan, and elsewhere, the evidence is just overwhelming that all we are going to do is depress wages. We are not going to reduce costs in highway construction if we repeal Davis-Bacon. The statistics show that.

I do not know why we should want to pass legislation that depresses wages for people in this country. You are talking about frequently very low-wage wages at the present time. Senator KENNEDY had a chart yesterday showing Davis-Bacon wages for carpenters in Tennessee, \$6 an hour. That is not high wages. Some of you spend that much per hour for a babysitter.

Mr. CHAFEE. I wonder if the Senator from Illinois would like to engage in a discussion on this point?

Mr. SIMON. I would be pleased to. I am sure at the end of the discussion the Senator from Rhode Island will agree that we should not repeal Davis-Bacon.

Mr. CHAFEE. That is a leap that I am not quite prepared to agree to.

Let me just say this: We have a philosophic difference here. The philosophic difference is as follows: The Republicans are saying let competition work, let the marketplace take effect just like it is in 85 percent of construction. What the Democrats are saying is no, no, no—that we are going to give a special privilege, a fixed wage, as it were, to those who are working on Government jobs; namely, in this case, highway construction. What they are saying is that these wages are not going to be fixed by the free market or by what the employer wishes to pay or what the workers are prepared to accept. They are going to be guided solely by what is known as the prevailing wage. We all know that the prevailing wage is the union wage. That is a fact. I think you have great difficulty showing many sections of the country where the so-called prevailing wage under Davis-Bacon is not the union wage.

So what the Democrats are saying is this is the way we want to do business. We want to say that only those companies that have had a history of paying the union wage, that are big enough to handle all the complexities involved with the recordkeeping, with the forms, with the compliance with Davis-Bacon, will be able to bid on these jobs. The little fellow who is out there and has done well, in let us, say home construction or in sidewalk paving, or driveway paving, he cannot bid on a paving job for the U.S. Government or for the Highway Administration or for the State highways where there is Federal money contributed. He is out. That is a fact.

Davis-Bacon is a protective device for two things: For union wages, and union employees, union members, and for the big construction companies. It is no surprise that the Senator from Illinois is quoting some construction company saying we want to keep Davis-Bacon. Of course they do. And it is probably one of the biggest construction companies because they can keep everybody else out. The little fellow who comes in at a lower price, at a better bid, he is out.

To me that is a very, very strange way of doing business. It is saying that competition is not going to prevail. That is really what Davis-Bacon says. You cannot have competition except under these limited rules where you are going to pay the prevailing wage.

I listened carefully to the distinguished Senator from Massachusetts yesterday who had a very vigorous speech. As a matter of fact, all speeches the Senator from Massachusetts gives are vigorous speeches, with the volume turned up on occasion.

His point is that you are going to drive everybody else into the poorhouse. They are depressing wages, this wicked business of competition. That is like saying all the companies, the workers that work on the 85 percent of the other construction in the United States not covered by Davis-Bacon. What are we talking about? We are

talking about building a building, building a warehouse, building housing, building apartment houses. That is not covered by Davis-Bacon unless the Government in some fashion has contributed, as the Senator knows. That is the rules that guide when Davis-Bacon applies.

The idea is that everybody that is doing construction in these other non-government jobs is just in rags, has been beaten down by the competitive system. That is nonsense. We all know that is nonsense. Those who are good, if you are a good worker and have the skills and can produce, you get the job and you get the pay. And to say that everybody is working at a minimum wage, a carpenter or a latheman, an electrician, a plumber, whatever it is, is working at some scroungy minimum wage because he does not have Davis-Bacon to protect him is total nonsense. I am sorry that the suggestion has been made. We can argue whether we want to have the Government getting into setting these wages, as in effect we are doing. That is fine. But to suggest that everybody is poverty stricken if Davis-Bacon should be eliminated is just not so.

Mr. SIMON. If I may reclaim my time and respond to my friend from Rhode Island, who on most things is very rational and reasonable, he has strayed on this one. I remember way back when taking a course in logic at Dana College, a small liberal arts college in Nebraska, and one of the things you set up is a series. There is an animal that has four legs. A horse has four legs; therefore, that animal is a horse. Well, it turns out that animal is a cat and not a horse, but you start off with some premises that are not accurate.

Do we want to have the free system? Yes, we want the free system. On that I agree with him. When he says the prevailing wage is the union wage, then the Senator from Rhode Island is off base. Only 11.8 percent of the non-governmental employees in this Nation are union workers. The Senator from Massachusetts is here and I am sure will bear me out on this. Of the wages that are considered for prevailing wages, only—and if I may have the attention of my colleague from Rhode Island—of the wages that are considered for determining prevailing wages, only 29 percent are union workers. Of the rest, 48 percent are nonunion and then some mixed situations.

What Davis-Bacon says is go in and find out what the average wage is in Jones County, RI, or whatever the county is in Illinois or Arizona and do not let the Federal Government be the source for depressing wages for the workers of our country.

I think that is sound. That is what Davis-Bacon is all about. And then let businesses that pay the prevailing wage compete. Let the free market system work. Do not let it work by depressing people who are really struggling for a living.

I hope we will do the sensible thing and not repeal Davis-Bacon.

I see the presence of the senior Senator from Massachusetts, and I yield the floor, Mr. President.

Mr. KENNEDY. Mr. President, I want to commend my colleagues and friends who spoke earlier today about the issue that is before the Senate. It is described as a repealing of the Davis-Bacon Act but only in regard to the highway system.

It has been pointed out that represents 40 percent of all the Davis-Bacon protection. So it will have a very substantial impact on the construction workers of this country, depending upon what will be the will of the Senate on this particular issue.

As we have heard, even in the early parts of the debate by our good friend from Virginia, what he is basically talking about is taking approximately a billion dollars and getting more construction out of that billion dollars. Translated: That is taking more than a billion dollars during the life of this program out of the pockets of the men and women who work in the construction industry—that is basically what is being talked about here—depressing the wages of workers in the construction industry.

Yesterday, I took a few moments to point out what those workers were earning across the country. We are talking about men and women in the construction trade who are earning \$26,000, \$27,000 a year. Mr. President, \$26,000 or \$27,000 a year is hardly enough to pay a mortgage and put bread on the table and provide for the education and clothing of their kids and look to the future, plus being in an industry which is the second most dangerous industry, outside of the mining industry, in this country.

I reviewed what the workers were getting in different parts of the country, and we saw in those charts across the country, whether they were in heavy industry or in the residential area, what individuals were making. Some made \$9,000, \$10,000, \$15,000 a year, going up even into the larger figures of up to \$42,000 a year.

We saw that what we are talking about is their income and the assault on their income. That is basically what is the issue here. I have listened to the argument made that we are trying to jimmy the whole debate process on this thing in favor of denying competition. What we are saying is let us rule out the question of a competition to drive wages down when we are investing Federal taxpayers' money. That is what Davis-Bacon does.

If the companies and corporations are able to compete, showing better management, better skills, better administration, they can do it and win the contracts, but we are saying here that we are not going to permit driving wages down. We want the taxpayers, the middle-income families, to benefit from the opportunity to have real competition, not on driving wages down in

this country at this time, but having competition on the other measures. That is what this debate is really all about.

I went through some figures yesterday about construction income. If you are a carpenter in Tennessee, you are talking about \$9,000 a year under Davis-Bacon. If you are a carpenter in Providence, RI, it is \$23,000. Mr. President, \$23,000 does not go a long way up in New England when you are paying for home heating oil, paying the mortgage, and putting food on the table. It does not go a very long way, and if you repeal Davis-Bacon, you are putting at risk even this income.

Mr. CHAFEE. Will the Senator yield?

Mr. KENNEDY. I will be glad to yield to the Senator, but I want to be able to make the case with regard to Davis-Bacon and some other comments about the context of this whole debate. I plan to be here for some time, and I will be more than glad to respond to questions on the various studies that we have had and some of those that we are going to get into.

In my State, carpenters working on residential construction make \$28,000 a year; in Rhode Island, it is \$23,000. It is hard to make ends meet if you are working 1,500 hours a year. That happens to be the fact.

Let me just go back and tell you what will happen if this amendment strikes Davis-Bacon—to give a little example. We are fortunate in this public policy issue to have seen what happens in States where they have repealed Davis-Bacon. So often we debate these issues and we do not really have good information. We have what we think, what I think, what those on the other side might think, or whatever individual Members think. We have some studies. But very interestingly, on the repeal of Davis-Bacon, we have some very important information that is directly related to what happens in terms of wages and in terms of the impact of the repeal of Davis-Bacon, and that is a study that was done in the State of Utah.

In February 1995, four researchers at the University of Utah—this is out in Utah. We are not talking about some college or university in some other part of the country, we are talking about a University of Utah study of the economic and social consequences that actually resulted when nine States that had prevailing wages repealed them. That is the issue here.

Under the proposal of the Senator from Rhode Island, he would effectively repeal Davis-Bacon on construction.

Now we have the example of what happened to nine States, according to the University of Utah. Unlike the CBO reports, or anyone's theoretical speculation about the benefits of repeal, the Utah study provides real world evidence about what happens when contractors are allowed to pay less than the prevailing wage. The nine States are: Utah, Arizona, Kansas, Idaho, New

Hampshire, Alabama, Colorado, Florida, and Louisiana, which repealed their Davis-Bacon laws between 1979 and 1988.

The research should convince any Senator that repeal is not in the best interest of construction workers, the industry, or the Government.

First of all, repeal led to lower wages for all construction workers. The average earnings for construction workers in the nine repeal States fell from \$24,000 before the repeals to \$22,000 after.

That should not be very difficult for people to figure out. This proposal in the highway bill is to drive down those wages of working men and women. I do not know what it is about our Republican friends over there, or what they have against working families, but they are right out there now trying to say to those that are working 1,500 hours a year in the second most dangerous industry that we are going to drive your wages down \$2,000 more. We ought to be debating how we are going to raise the minimum wage. We ought to be trying to honor work, saying work pays, and encouraging people.

Now, this is what happened in these States. In the nine repeal States, their incomes went from \$24,000 before to \$22,000 afterward. The analysis shows that because of the repeal in those States, the wages amounted to \$1,477 less per worker every year since the State repeal. This is the obvious and expected result of allowing contractors to pay less than the prevailing wage. So that is what the result was. That should not be any surprise. You have those supporting the repeal, who have indicated they are going to take that money and use it in construction at the cost of income for working families that are making \$27,000. We are not talking about the \$100,000, \$150,000 or about the million dollars workers that are skimming on that; we are talking about working men and women earning in the range of \$24,000.

Now, this is the second one. Slightly increased construction employment. In the repeal States, a 1.7-percent increase in construction employment that would not have occurred if not for the repeal. But construction employees as a whole were harmed because their overall wages fell by 5 percent—much more than their employment increased.

Third, as wages dropped, so did State revenues. That is interesting. We have not heard much talk about what the impact is going to be in terms of the revenues, in terms of, in this instance, the Federal Government. We have not had that economic analysis. And we understand why. That is because the Environment and Public Works Committee does not deal with this issue. They are just picking up some cliches, bumper sticker solutions. We all know what Davis-Bacon is about, and we have debated that. We are just going to repeal. We hear that all of the time. Well, I hope they are able to tell us with this repeal what the impact is

going to be in terms of the economy. As the wages drop, so do State revenues. Utah lost \$3 to \$5 million in sales tax and income tax revenues.

Fourth, repeal led to an increase in construction cost overruns. In Utah, cost overruns on the construction of State roads tripled after the repeal. Very interesting. The cost overruns escalated dramatically after contracts were awarded without the Davis-Bacon protections, because contractors bid low and got the job and then had to be bailed out. The amount of cost overruns tripled in the 10 years after repeal compared with the 10 years before.

Fifth, repeal led to a less skilled labor force. Union and nonunion apprenticeship rates fell 40 percent, whereas States that did not repeal the prevailing rate did not lose ground. The best apprenticeship programs that we have in this country are in the construction industry, which are a reflection of those in the construction industry working together in the development of these skills. They are the best that we have in this country. And what happens is when these individuals go through these training programs and work, their results in terms of performance are better. That is pretty logical. One of the attendant results of cutting back on Davis-Bacon is the significant reduction in participation in apprenticeship programs.

So we have the cost overruns, we have a less skilled work force, and sixth, we found out that minorities were hurt disproportionately. Their share of apprenticeships fell from 20 percent to 12 percent of apprenticeships in the repeal States. Minority opportunities to learn new skills and advance in the trades were doubly restricted. The apprenticeship pie got smaller, and their piece of the pie got smaller.

I am waiting for the argument that says if you repeal Davis-Bacon, it is going to offer new opportunities for minorities and women. Maybe we will have that argument later in the day. But it is not so. That is why none of the groups representing minorities and women support repeal. All they have to do is look at what happened in the various States.

I see my friend and colleague from Rhode Island leaving. I wanted to talk for a few moments, and I will be glad to yield. I do not want to be disrespectful.

Mr. WARNER. Mr. President, I will be here with the Senator.

Mr. KENNEDY. I thank the Senator. I wanted to just review this study and then get back into this. We have found now that the minorities were hurt disproportionately.

Seven. The injury rates rose. Construction work, which was already dangerous, became considerably more dangerous after repeal. Injury rates rose 15 percent, even after controlling for national trends in construction safety, and other factors, such as unemployment. So there is no good reason to believe that these grim consequences would not be replicated on a bigger

scale if the Federal Davis-Bacon Act were repealed.

In terms of injury rates, for example, a 15-percent nationwide increase would mean 30,000 more serious injuries a year, more than 670,000 additional lost work days, and direct workers' compensation costs of \$300 million, which would be passed on to the Federal Government in increased construction costs.

Collectively, for all construction workers, the research estimates a loss of almost \$5 billion a year in construction earnings, which would result in a loss to the Federal Government of roughly \$1 billion a year in income taxes. Clearly, these losses dwarf any benefits the Government might derive from cutting wages on workers on Federal construction projects, based on a repeal of Davis-Bacon.

So, Mr. President, this is what we are faced with. As I just mentioned, we not only have the studies, we have the results of what happened in States where they repealed their State Davis-Bacon. What we found is a significant reduction in workers' salaries, about \$2,000, from \$24,000 down to \$22,000.

If you are interested in depressing the wages of hard-working men and women in the construction trade, your vote is to repeal Davis-Bacon. If that is what you want to do—say to American workers in the construction area, men and women averaging \$27,000 a year, you are doing too well in America, even though your real purchasing power has declined over the period of the last 10 years, even though you are working harder, that \$27,000 is too much for someone who wants to work in the second most dangerous industry, we are going to take back \$1,500 or \$2,000 from you—then go ahead and support the Republican position.

If you want to say that the lost revenues the Federal Government is going to see—and the best estimate from the Utah study is lost revenues of a billion a year—are not much and that our economy is in such good shape that we can say we are going to deny that billion dollars, we do not need that billion dollars either in the deficit, or to try and invest in the education of the sons and daughters or the children or the parents.

Just go ahead and support that program right over there that repeals Davis-Bacon. If anyone is not concerned about the increase in the injury rate that the Utah study has pointed out, the 15 percent, if anyone is not concerned about it and you think you have the right position, repeal Davis-Bacon, and the case goes on, Mr. President.

I think, quite frankly, those that just believe that this is a nice little way, somehow, to try to find a magical \$1 billion out there and will somehow mean the taxpayers will be better protected, better be able to consider the realities we have seen.

I think when they do, they will realize that this particular measure to re-

peal Davis-Bacon will have a terrible impact on these families. It is basically wrong.

What I want to point out, Mr. President, now, is just where these working families are, what we have seen in the States that have repealed the Davis-Bacon Act. In those nine States, we have seen decline in real income for those working families. And we have seen in the charts brought out here earlier what has been happening to the working families over the period of these past years.

My good friends from Wisconsin and from Illinois pointed out what has happened from 1950 to 1970. What we found out from 1950 to 1970, when the Nation was growing and expanding, from 1950 to 1978, when we were going up and growing together, we were all growing together. The bottom 20 percent was growing; the second 20 percent, almost 100 percent; the middle 20 percent was growing; the fourth and the top was growing. All groups were growing just about together, and the bottom group was growing the most.

That is what was happening from 1950 to 1978. We heard our good friend from Michigan talking about sometimes we had good growth policy and not good growth policy. Therefore, we ought to be more particular.

He was pointing out that what was happening in 1980 was not really so good to look at because we were still coming out of the Carter high-interest rates and increasing unemployment. I am familiar with that period because I differed with the economic policies at that time, as well.

If we look now, and I am sorry my friend from Michigan is not here, but if we look now to what has happened from 1983 to 1989, now we have the new federalism. We have not heard much recently about the new federalism. Remember, in the 1980's, we were hearing about federalism, tax cuts, budget cuts, increased military spending. That was the new federalism.

We have the same economic program now, but the new federalism has somehow disappeared. I do not know why we are not using those words. I think basically the reason they are not using those words is it sends a message to middle-income families of what has happened to them over the period of these last years.

Taking 1983 to 1989, that will be more in tune with what happened during the Reagan and Bush period. This is what happened. Remember the other figures I just discussed? We were all growing together. And now take the top 1 percent; their wealth is 61 percent. The next 19 percent is 37 percent. The bottom 80 percent is 1.2 percent.

Remember the other chart had virtually the same, a little disparity, and the greatest growth was taking place at the end. In 1979 to 1992, who got the growth? This chart shows shares of average household income growth, the Bureau of Census figures.

Here we see the top 25. And we can take the red line, adding it, to equal

100 percent. We do not have to have charts like this. Talk to any family, talk to any worker in this country, and they will say the same thing. They will say the only way family incomes stayed competitive is that women entered the work force during the period of the 1980's, and they were just able to hold on to their family income. Although the real wages were going down, they were working harder, and they were just able to stay above the waterline. Without that additional kind of work, we have seen what has happened. Family incomes took a beating. Now we are asked out here on the floor of the U.S. Senate to accelerate that, repeal Davis-Bacon and drive those working families down even further in their wealth.

That is what they are asking us to do. The proponents of repeal say take that \$1 billion out of the pockets of working people and put it into construction. Said another way, that is, take the \$1,500 to \$2,000 out of the pockets of these working families here in construction, and put it over somewhere into the distribution of the higher income brackets. That is what is happening.

Now, Mr. President, this is what is happening on this particular measure on Davis-Bacon. If we juxtapose this position, because we are talking about what is happening to working families—that is what this issue is really all about, what is happening to working families in this country—we have made the case. We are opposed.

We have competition. We ought to have the competition. It ought to be based upon management skills, efficiency, ability to buy cheaper materials, the ways of being able to do business. But not as a result of depressing workers' wages. That is the basic tenet of Davis-Bacon.

Just to restate what the obvious was in the other charts, I wish we were out here debating the increase in the minimum wage. That is what we ought to be doing. That is what working families are really concerned about: Making work pay.

It used to be that the minimum wage was adjusted periodically, in the 1960's, 1970's, and 1980's, under Republican as well as Democratic administrations. President Reagan increased the minimum wage on two different occasions. George Bush increased it in 1989. Why? Why?

They said, "Because anyone who works in the United States 40 hours a week, 52 weeks a year, ought to have sufficient income to not be in poverty, to put enough food on the table, pay their mortgage, and raise their children."

That has been true since the 1930's, until now, Mr. President. Until now. Until now, when we find out what has been happening in terms of the minimum wage and its impact on taking families out of poverty.

Go back—and this is, again, a response to some of the points raised by

my good friend from Wisconsin—and look at the particular year. This is the percent of the poverty line, what a person has to get up to in order to be free of poverty. This is for the minimum wage for American workers. We are almost up there during the 1960's and 1970's, and even 1980's. And here it is. President Bush signed the increase to bring it back up, and it went right back down again. This is what is happening for men and women who are working in our economy, trying to make ends meet.

For those that advocate the repeal of Davis-Bacon, at least they would have much more credibility, much more credibility, if they said, "Look, this is really a construction issue. We are happy to be for working families. We are for the increase in the minimum wage." I daresay, you will not find five votes difference between those who want to repeal the minimum wage and those who want to repeal Davis-Bacon. It is the same group, virtually, the same Senators who want to drive construction workers down and refuse to give working families any increase in the minimum wage, although Republicans and Democrats over a long period of time have been willing to do it.

Why do they not say, "Look, Senator, you are wrong on the construction law. It is too bureaucratic, too much paperwork. I am for the minimum wage increase, and I want workers to get it, but this is not appropriate in terms of the construction industry." There is silence on it.

The Republican leaders in the House of Representatives said that only over their dead bodies would we increase the minimum wage. They are going to have an opportunity to lie down in front of that train, because we are going to make sure that this body will vote on it. We are going to make sure you will vote on it and vote on it and vote on it.

Men and women back in your home States are going to know whether you really honor work, whether you think work pays, or whether you are turning your back on working families. That is what has been happening on the minimum wage.

I am always told—"We cannot do the increase in the minimum wage, Senator KENNEDY"—and am always given a variety of reasons why. But let us look at the facts. I am not going to review the New Jersey studies today that show that the last time we had an increase in the minimum wage, the State of New Jersey had an increase in employment. But I will just take a moment of the Senate's time to show what has happened the last seven times we have seen an increase in the minimum wage.

In 1949 we went from 40 cents an hour to 75 cents, the change in the inflation rate reached a high of 1 percent. In 1955, the rate was increased from 75 cents to a dollar, and inflation reached a high of 3.6 percent.

From 1961 to 1963, the minimum wage was increased from \$1 to \$1.25, and in-

flation increased only 0.3 percent; not 3 percent, but only 0.3 percent. In 1967 and 1968, the minimum wage was increased from \$1.25 to \$1.60, and inflation remained stable, and did not increase at all.

From 1974 to 1976, the minimum wage was increased from \$1.60 to \$2.30, and inflation rate actually decreased—decreased—from 11 percent to 6.5 percent. From 1978 through 1981, the minimum wage increased from \$2.30 to \$3.35, and inflation actually increased and decreased intermittently. Then, from 1990 to 1991, the minimum wage increased from \$3.35 to \$4.25, and inflation decreased from 5.4 to 4.2 percent.

In effect, increases in the minimum wage had virtually no impact on the rate of inflation.

Let us look at the economy and the impact of an increase in the minimum wage on unemployment. If you look at the facts, you cannot make the case that an increase in the minimum wage has had an adverse effect on employment. You find that it has not had that impact.

Let us look back at the increases in the minimum wage since 1949. The first time the minimum wage was increased, unemployment decreased from 5.9 to 5.3 percent. Unemployment actually went down.

In 1955, the minimum wage was increased from 75 cents to a dollar, and unemployment decreased again from 4.4 to 4.1 percent. Again, unemployment went down.

From 1961 to 1963, when the minimum wage went from \$1.00 to \$1.25, unemployment decreased from 6.7 to 5.5 percent.

These facts show that there has been virtually no impact on either inflation or unemployment. And nonetheless, we have this blind opposition from the other side to any increase in the minimum wage.

So, what you are saying out here, Senators, is not just, "Oh, this is a little highway bill. We have to get it by the fall." What you are doing is a continuing, ongoing assault on the middle-income families of America. We have seen the massive switch in terms of income and wealth in this country, from the stability from the 1950's to the early 1970's to the enormous dichotomy in the 1980's and 1990's where wealth for the wealthiest individuals has gone up, and 80 percent of these workers, construction workers, are being asked to sacrifice at least \$1,500 a year. And at the same time when the Republicans say absolutely no to any kind of increase in the minimum wage.

President Clinton's proposal on the minimum wage increase, if it passed today to bring it to \$5.15 would just bring it right back up here where President Bush was. But the answer is, "No. No, we are not going to do that. No, we cannot afford in this country to do it. No, it is going to cause unemployment and inflation"—in spite of the facts and the history that show it is not.

So you cannot get away from this question: What is it we are talking about here this afternoon and what will we be voting on on Monday? It is real income. It is really an attack, an assault on working families for the privileged, taking the savings of the various cuts and giving them to the wealthiest individuals. It is perpetuating that. That is what is happening around here. That is what is at risk at this place.

Who are these families we are talking about here, who are going to be adversely impacted? What is going to be the impact on them? First of all, not only do we have, as I mentioned, the assault on the workers themselves, which means you have the assault on all those in construction and the denial of income to the 12 million who would be bumped up if they had some increase in the minimum wage. But what else is happening? What else is happening? We are saying to those construction workers: You care about your parents? You love your parents? They had some good Medicare, they had some degree of security—we are going to cut their Medicare programs by hundreds of billions of dollars over the period of the next 7 years. We will raise the out-of-pocket expenses, if the cuts the Republicans have suggested were evenly divided between beneficiaries and providers, \$6,400 in the outyears. In the 7th year it is \$6,400.

So, not only are we squeezing you on the Davis-Bacon, not only are we squeezing you by refusing to give you any increase in the minimum wage, but you better start putting some more of those scarce resources away because you are going to have to pay more out of your pocket to make sure that your parents, who are under Medicare, are going to be able to live.

And what about their children? What about the children of those working families, those construction workers? If they go to the fine schools and colleges up in Rhode Island, of Senator CHAFEE, or our other good friends from Virginia or Vermont or Massachusetts, what you are saying is if you are going to be able to qualify for any of those Stafford loans, you are going to have to pay a third more, a third more of indebtedness because of the cuts in terms of the education programs. Over the 7-year period, those families will lose more than \$1.2 billion just from my State of Massachusetts for those scholarships. For the Stafford loans over the 7 years under the Republican budget that passed through here—\$1.2 billion will be taken out of the pockets of the sons and daughters of working Americans—to go where? To continue their education; indebtedness of government transferred onto the indebtedness of those children. That will lead to a reduction in terms of the college opportunities for these kids.

And who benefits from all this? You are cutting back on the wages of working families, you are denying an increase in the minimum wage, you are

saying their parents are going to have to pay more for Medicare, you are saying if their children are going to school, they are going to pay more out of pocket.

Then look at the bottom line, at what happens next. The \$350 billion that you get in savings goes to the wealthiest individuals of this country.

Let us not kid ourselves, that is what this whole debate is effectively about. It is coming in baloney slices but this is the end result of it. You are doing all this for the tax cuts that have just been reiterated by the Republicans in the House of Representatives this past week when they reaffirmed their commitment—because they evidently were getting somewhat jittery about where the Senate Republicans were going to be on it—they reiterated the \$350 billion tax cut for the wealthiest individuals.

So that is all a part of this. And I have not even mentioned the cuts that were proposed in terms of the day care proposals and the support for working mothers. They will be lucky if they are able to find day care for \$6,000 a year in my State of Massachusetts—very lucky. You take the percent of income that working mothers pay for day care and you wonder why they are not out there on the job rolls instead of on the welfare rolls. We are talking about increasing the minimum wage to try to get people off welfare, make work pay, and it is extraordinary to me, extraordinary to me for the millions of Americans who would make more by being on welfare—millions of Americans make more by being on welfare; they get the health care in terms of the Medicaid, some of them even get limited amounts of day care help, they get other kinds of help and assistance in terms of fuel assistance and other kinds of benefits.

If you give an increase in the minimum wage, do you know what is going to happen? Those people are going to have more resources, make more money, and they will not be eligible for these Federal programs and we will get savings at the Federal level because we will be paying people a livable wage.

I would think those people who want to diminish Government programs would say, Why should the Federal Government continue to subsidize the workers for companies and corporations? Because that is what you are doing. You are paying them a lower minimum wage, and then they are eligible for the safety net. Who pays for the safety net? The workers do. The employer does not. It is a subsidy for them. We talk a great deal about how we are going to make our American people understand the importance of work, and then we deny them the very wherewithal to make work pay. That is part of this whole point.

Mr. WARNER. Mr. President, I would like to ask the Senator a question.

Mr. KENNEDY. I will yield in just 2 more minutes.

Finally, Mr. President, I hear in this debate that we have to try to get our

house in order, too. Part of our proposal is to make sure that whatever we pass here in the Congress is going to be applicable to people across this country and also apply to us. I believe that it should. I support those programs. We passed them this year. Congress could have passed them last year. I believe so. You remember all those speeches. I even heard some yesterday in our Labor and Human Resources Committee on a different subject saying: Whatever we do, we want to make sure that, if it is going to happen outside the Senate and Congress, it ought to be applied to us. I say amen to it.

But how interesting it is for those new Members who come to the U.S. Senate and sign that little blue sheet that gives them the Federal employees' health insurance program, which is the best health insurance program in the country; effectively, 11 million Federal employees have it, and every one of us has it. The most recent information I have is that there is not a Member of the U.S. Senate who has rejected it.

Where are all those voices that say, "Look, we have it. Why not make it applicable to the American people? We have it." Is there not a flip side to the coin of all those speeches that we had to listen to day after day after day and which we agreed on—it passed overwhelmingly—which said we are going to make the laws which apply outside applicable to the inside? Amen. But how silent they are now. We have it for all those new Members, let alone older Members that get that Federal employees' health insurance, the premium of which is \$101 for me with the Federal Government picking up the rest per month, and it gives me the best in terms of health care.

How silent we are in this debate about making that available to these working families that are having a tough enough time, who see the depletion of the value of their dollar. They are working harder and are paying more and more out for health care. We are shortchanging the children in terms of education. We are shortchanging the parents in the cuts in Medicare. We are denying them a decent kind of income, depressing those wages, refusing to increase it, and they are paying more and more out of their pockets for health care while we in the U.S. Senate have just made sure we are covered.

Mr. President, all of that really is wrapped in together because you are talking about income for families. We faced some of those measures early in this year when we had the budget cuts. We had the debates on education and on children's programs, and on other women's health care programs. That was a part of it. We will have another debate on reconciliation. We had debates in the budget with regard to the Medicare cuts. That was a part of it.

But the bottom line is that we are talking about the families of American workers. We are talking about their parents, we are talking about their kids, we are talking about their small

children, their babies, and we are talking about their ability in this great country of ours to be full participants in the economic hopes, dreams, and economic justice of our Nation.

I daresay that all of that is what we are basically talking about when we are talking about the repeal of the Davis-Bacon Act.

I will be glad to yield for a question.

I will yield briefly for a question, and then I will yield the floor.

Mr. WARNER. Mr. President, for those following this debate who wish to be informed of what will occur for the balance of today and on Monday, I will make a brief announcement.

But to refocus the procedural as well as the substantive issue, procedurally this bill has been brought up, the national highway bill, and on it is a Davis-Bacon amendment. The Senator from Massachusetts is perfectly within his rights to discuss a broad range of issues because at the present time, it is my understanding he objects to further consideration of the bill, which is within his rights under the rules of the Senate.

My concern is that when you say that this amendment, that is, the Davis-Bacon amendment, takes wages and deprives workers of the ability to receive wages and to work, I ask the Senator if in fact what would occur here is simply that you take the highway trust fund, which is allocating money to the States, and the amendment would simply say that no longer would the States be required to take a percentage of those funds and apply it to the Davis-Bacon regulations; those funds would be expended on additional highways, providing additional work, and in a sense the same workers would get, relatively speaking, the same amount of money, but the people of that State will get additional work performed—more highways, better bridges. So it translates into a work product to be received by all the residents of the State. And the same workers end up, over a longer period of time, with the same amount in their pockets.

Is not that the case?

Mr. KENNEDY. I say to the Senator, no. That is absolutely not the case. I do not know where the Senator was earlier when I outlined the University of Utah study that analyzed the nine States that repealed their Davis-Bacon laws, which is effectively what you are doing with the construction industry. What you saw in those States is that there was a 1.7-percent increase in employment, but the total income for those workers in all of those States declined 5 percent. That amounted to between \$1,500 and \$1,700 per worker per year; the cost overruns went up three times over what they had been; the injury rates increased significantly; the total revenues to the States declined; and the total revenues, I think, to the Federal Government declined. The bottom line, I will just say, the most important part of that Utah study, is that

the real income for all of these workers declined.

Just finally, what we are saying is we want the competition but not the depressed wages. That I think is a basic difference.

Mr. WARNER. Mr. President, the Senator can certainly bring up all the studies he wishes. But the practical dollar and cents is, take the State of Virginia. We anticipate we get \$150 million. Part of it is allocation. All of that has to go into highway construction or matters related to transportation. So it is not as if this money is going to be lost. It is going to the States, and simply this amendment translates those dollars into more road construction, bridges, whatever it may be—safety, more construction. And the same workers eventually get the same amount of money.

So I do not wish to conclude this debate today on the theory that this amendment reaches in and robs the people of the opportunity to work, or of their wages, or that the people in the States are deprived of the benefits that they are entitled to with the payment of their gas taxes.

MORNING BUSINESS

Mr. WARNER. Mr. President, I ask unanimous consent that there now be a period for the transaction of morning business, with Senators permitted to speak therein for up to 10 minutes each.

The leader will subsequently inform the Senate, but I expect the Senate to reconvene about 12 noon on Monday, with morning business until 1 o'clock. And there is currently set a cloture vote for 3 p.m. Monday afternoon.

The PRESIDING OFFICER. Is there objection?

Mr. LEAHY. Mr. President, reserving the right to object—of course, I shall not—I know the distinguished Senator from New Hampshire is on the floor and wishes to speak. He has already mentioned that. I know our side has been speaking for some time.

I wonder if we might know the order of the 10-minute order. Will the distinguished senior Senator from Virginia be willing to amend that to ask that the Senator from New Hampshire be recognized first in the order of those speaking as in morning business, and then the Senator from Vermont be recognized following that?

Mr. WARNER. Mr. President, I am perfectly willing to do that. I think the Chair should be addressed by the Senator from New Hampshire first.

Mr. SMITH. Reserving the right to object, I would like to have 20 minutes, if that would be agreeable to the Senator from Vermont.

Mr. LEAHY. And the Senator from Vermont be recognized, say, at 1:22.

Mr. WARNER. Mr. President, I so modify my request.

The PRESIDING OFFICER. Is it the Senator's request that we proceed to morning business with a limitation of

10 minutes, except that the Senator from New Hampshire have the opportunity to speak for 20 minutes; and what about the Senator from Vermont?

Mr. LEAHY. Also 20 minutes.

The PRESIDING OFFICER. Also 20 minutes. Is that the request?

Mr. WARNER. Mr. President, that is the request.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from New Hampshire is recognized.

Mr. SMITH. I thank the Chair.

MEASURE READ FOR THE FIRST TIME—S. 939

Mr. SMITH. I send a bill to the desk and ask that it be read for the first time.

The PRESIDING OFFICER. The clerk will read the bill by title.

The bill clerk read as follows:

A bill (S. 939) to amend title 18, United States Code, to ban partial-birth abortions.

Mr. SMITH. Mr. President, I ask the bill be read for a second time.

Mr. LEAHY. Mr. President, I will have to object.

The PRESIDING OFFICER. Did the Senator make an objection?

Mr. LEAHY. The Senator from Vermont objects to the second reading—obviously not to the first reading, but I object to the second reading.

The PRESIDING OFFICER. Objection is heard. The bill will be read for the second time on the next legislative day.

The Senator from New Hampshire is recognized.

Mr. SMITH. Mr. President, on behalf of myself and the Senator from Texas [Mr. GRAMM], I rise today to introduce the Partial-Birth Abortion Ban Act of 1995. This bill is the companion legislation to a measure that was recently introduced in the House of Representatives by Congressman CHARLES CANADY of Florida. Congressman CANADY is the chairman of the House Judiciary Committee's Subcommittee on the Constitution which held a hearing on the bill yesterday.

Mr. President, partial-birth abortions are first performed at 19 to 20 weeks of gestation—and often much later. To give my colleagues a clear understanding of how well developed an unborn child is that late in pregnancy, I have here an anatomically correct medical model of an unborn child at 20 weeks' gestation. It is unlikely that the cameras will pick it all up, but this is the actual size of a 20-week child, and the bodily features are there—nose, eyes, lips, fingers, toes—almost perfectly formed so that anyone could see that this is a child.

I want to point out to my colleagues that this is the smallest that this child could be under this procedure, which begins at 5 months or 20 weeks. So that this child is aborted in this procedure minimally at this size and much larger as the child grows in the womb.

Now, I have brought some photographs to the floor that show perhaps a

little more clearly premature babies of the very same age of many of those babies who are the victims of these partial-birth abortions.

This photograph here—this is an AP photograph, by the way—is of tiny Miss Faith Materowski. Little Faith Materowski was born at 23 weeks of gestation, approximately this size, weighing in at 1 pound and 3 ounces. This photograph was taken about a month after she was born. The good news is that little Faith Materowski survived, and she survived because her mother chose to have her receive medical attention. She did not choose to have an abortion.

In photograph No. 2, we see a little lady named Melissa Mauer. She was born at 24 weeks of gestation, weighing only 14 ounces, Mr. President—14 ounces—less than a pound. She is shown in the picture about 8 days after her birth, at which point she was breathing on her own in an incubator.

Unfortunately, Melissa died after briefly struggling for life after 3 months.

In photograph No. 3—this photograph was in the Miami Herald—we see a healthy little Miss Kenya King, who was born about 22 weeks into gestation, so is approximately the size of this model that I am holding. She weighed only 18 ounces at birth. She is shown here 4 months later, home at last with her parents.

Now, with a series of illustrations, in a moment I am going to try to demonstrate to you what is done to children like these and like this. This procedure is done to children—not fetuses or some inanimate object—children, Mr. President.

Now, as we put the pictures up, keep in mind that Dr. Martin Haskell, who by his own admission performed over 700 of these procedures—they are called partial-birth abortions—as of 1993, he told the American Medical News he had performed 700 of these. That is the official newspaper of the AMA. So the illustrations and descriptions that I am about to present are technical and from a technical point of view would be found or could be found in one of those journals.

In the first illustration, the doctor—excuse me, the abortionist—it is interesting that I made a slip there, saying doctor, because were this to be some type of a miscarriage or premature birth, the doctor would be assisting the birth of this child, because the mother wanted the child. But in this case, another decision has been made without the child's consent, of course, and the abortionist reaches in with forceps, using the ultrasound aid, and grabs the child with the forceps by the foot or leg, and then in the next picture he turns that child with the forceps so that he can pull the child out through the birth canal by the feet.

So you can see this being the birth canal, the child—this is a child, like this, and like those three children that we saw in those photographs.